

Message Text

SECRET

PAGE 01 KINGST 01727 162056Z

62

ACTION SS-30

INFO OCT-01 ISO-00 /031 W

----- 048535

P 162000Z MAY 74

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC PRIORITY 4740

S E C R E T KINGSTON 1727

EXDIS

EO 11652: GDS

TAGS: EMIN, PINT, JA, US

SUBJECT: BAUXITE NEGOTIATIONS SITREP #54

1. AT 4:00 PM ON TUESDAY MAY 14 CHARGE MET WITH CHIEF EXECUTIVE OFFICERS OF KAISER (MEIER) ALCOA (HARPER) AND ALCAN (LEHMAN) AS WELL AS SENIOR REPRESENTATIVES FROM THE OTHER THREE OPERATING COMPANIES, ATTORNEYS, AND TECHNICAL STAFF. CHARGE PROVIDED A BRIEFING IN GENERAL TERMS ON HIS MEETINGS THAT PDAY WITH PRIME MINISTERMANLEY AND JACK ASHENHEIM, NOTING THE MODEST INDICATIONS OF FLEXIBILITY AND WILLINGNESS TO COMPROMISE THAT EMERGED IN THE MEETING WITH THE PM AND THE HYPOTHETICAL PACKAGE BASED ON A 5.5 PERCENT OF THE PRICE OF PRIMARY METAL COUPLED WITH AN ESCALATOR CLAUSE SUGGESTED BY ASHENHEIM, CUTLER REMARKED THAT A FIGURE 5.5 PERCENT HAD COMEUP A NUMBER OF OTHER TIMES IN THE DISCUSSIONS BUT QUICKLY PASSED, AND THAT THE FIGURE OF 120-130 MILLION DOLLARS, WHICH WAS APPROXIMATELY THE SAME THING, HAD CROPPED UP FREQUENTLY

2. A DISCUSSION OF THE FEASIBILITY OF THE ASHENHEIM PACKAGE FOLLOWED. INDUSTRYREPS AGREED THAT THEY COULD ACHIEVE THIS LEVEL ONLY WITH EXTREME DIFFICULTY. LEHMAN ASKED IF THERE WAS ANY POSSIBILITY THAT THE GOVERNMENT MIGHT LEGISLATE AT THIS LEVEL RATHER THAN THE LEVEL OF THE DEMANDS ALREADY MADE. CHARGE ADMITTED

SECRET

SECRET

PAGE 02 KINGST 01727 162056Z

THIS WAS POSSIBLE SINCE IT MIGHT STRENGTHEN THE

GOVERNMENT'S PUBLIC RELATIONS POSITION AND SAID THERE HAD BEEN ONE UNCONFIRMED REPORT (THE ISAACS CONVERSATION) THAT THIS WAS WHAT WAS INTENDED. HOWEVER HE INSISTED THAT ONE HAD TO ASSUME LEGISLATION WOULD BE AT LEAST AT THE 7.5 PERCENT LEVEL, THE LOWEST OFFER THUS FAR MADE BY THE GOVERNMENT

3. LEHMAN THEN ARGUED STRONGLY THAT EVEN IF THE INDUSTRY COULD PUT TOGETHER A PACKAGE AT THE 5.5 PERCENT LEVEL THERE WERE GREAT ADVANTAGES IN HAVING SUCH A FORMULA LEGISLATED AGAINST THEM RATHER THAN ACCEPTING IT AS A NEGOTIATED SOLUTION. HE INDICATED THAT IF SUCH A LEVEL WAS NEGOTIATED IT WOULD PROBABLY BECOME A FLOOR OR STARTING POINT FOR SIMILAR NEGOTIATIONS ELSEWHERE IN THE FUTURE, WHILE IF THE INDUSTRY FORCED THE GOVERNMENT TO LEGISLATE THE PACKAGE WHATEVER FIGURE IT SHOWS WOULD TEND TO BE A CEILING RATHER THAN A FLOOR FOR SIMILAR CLAIMS ELSEWHERE. HARPER AND MEIER AGREED WITH LEHMAN ON THIS POINT, BUT AFTER THE 3 OF THEM HAD LEFT FOR THEIR 5:00 PM MEETING WITH THE PRIME MINISTER IT APPEARED THAT THE RESPS OF REYNOLDS, REVERE, AND ANACONDA WERE NOT QUITE SO CONVINCED

4. THAT EVENING AT A RECEPTION AT JAMAICA HOUSE HOSTED BY PM MANLEY CHARGE CASUALLY TRIED OUT THE 5.5 PERCENT FIGURE DURING A PRIVATE TETE-A-TETE. PM REJECTED IT OUT OF HAND PLEASANTLY BUT FIRMLY. HE LEFT THE RECEPTION ABOUT 9:30 AND RETURNED TO HIS OFFICE FOR A FINAL MEETING WITH THE CEOS. IT WAS AT THIS MEETING THAT HE ASKED HOW FAR THEY COULD GO IN TERMS OF A PERCENTAGE NUMBER. HARPER OF ALCOA REPLIED THAT HIS FIRM MIGHT GO AS FAR AS 4 PERCENT BUT NO FARTHER. THE OTHERS REPORTEDLY AGREED. PM IMPLIED THAT IF THIS WAS THE BFET THEY COULD DO THERE WAS NO POINT OF CONINUING REVENUE NEGOTIATIONS AND INFORMED THEM THAT HE WOULD GIVE THEM HIS DECISION THE FOLLOWING AFTERNOON AT 3PP PM. HEWITT

SECRET

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BAUXITE, LAW, MINING INDUSTRY, NEGOTIATIONS, TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 MAY 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KINGST01727
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740121-0642
From: KINGSTON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740543/aaaablwb.tel
Line Count: 97
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 17 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 SEP 2002 by kelleyw0>; APPROVED <20 FEB 2003 by GarlanWA>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BAUXITE NEGOTIATIONS SITREP #54
TAGS: EMIN, PINT, JA, US, JM
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005